

Doc #5002

M E M O R A N D U M

JANUARY 28, 1988

TO: BOSTON REDEVELOPMENT AUTHORITY
AND STEPHEN COYLE, DIRECTOR

FROM: RICARDO MILLETT, ASSISTANT DIRECTOR FOR
NEIGHBORHOOD HOUSING AND DEVELOPMENT

SUBJECT: HOUSING CREATION PROPOSAL SUBMITTED BY
THE BEACON COMPANIES

EXECUTIVE
SUMMARY:

The Beacon Companies, developers of Rows Wharf, has submitted a Housing Creation Proposal that would commit its remaining eleven (11) annual housing linkage payments, a total of \$1.94 million, to the Tenants Development Corporation (TDC) to assist in the creation of 94 housing units, 62 of which are affordable, in two TDC developments in the South End. The Neighborhood Housing Trust voted to recommend approval of this Housing Creation Proposal to the Authority on January 12, 1988. Approval of this Housing Creation Proposal is requested.

On May 21, 1984, the Beacon Companies entered into a Development Impact Project Agreement ("DIP Agreement") with the Boston Redevelopment Authority regarding the Rows Wharf project. According to the DIP Agreement, the Beacon Companies may satisfy its housing linkage obligation to the City of Boston through a series of twelve (12) annual payments to the Neighborhood Housing Trust ("NHT"), or through an approved Housing Creation Proposal, or through some combination of the two options. Having made its first housing payment of \$176,812. to the NHT in 1987, the Beacon Companies has submitted a Housing Creation Proposal to dedicate its remaining eleven (11) annual payments, a total of \$1,944,932. to the Tenants Development Corporation (TDC) to assist in the creation of 94 housing units, 62 of which are affordable, in two TDC developments in the South End. Most of these funds will be committed to the equity needs of TDC IV, a mixed-income condominium development on East Berkeley Street and Shawmut Avenue. The remaining funds will be used to subsidize the moderate-income rental units at TDC III on Massachusetts Avenue, up to a cap of \$40,000.

TDC is a non-profit, minority controlled organization which was formed in 1969 by the South End Tenants Council to undertake the rehabilitation of BRA-owned buildings scattered throughout the South End. TDC currently owns 56

buildings with 285 rehabilitated apartments. The members of the corporation are the tenants of these buildings. The Board and staff of the corporation are responsible for the management and maintenance of these apartments.

In 1985, TDC hired Greater Boston Community Development, Inc. ("GBCD"), which had served as development consultant for the first TDC developments, to undertake new development in the South End. With the assistance of GBCD, TDC has undertaken two new developments in the South End, known as TDC III and TDC IV, which will yield a total of 94 new housing units. TDC now needs financial assistance from the City in order to make two-thirds of these new units affordable to low- and moderate-income families. The Rowes Wharf housing linkage payments can go a long distance toward meeting these affordability goals.

TDC's proposal is to borrow approximately \$1.1 million against the Rowes Wharf Housing Payment letter of credit. The Rowes Wharf stream of payments will be used to pay back the loan. Most of the borrowed funds will be used to fill the gap between the development cost and the projected sales proceeds of TDC IV, a 35 unit mixed-income condominium development on East Berkeley Street. Specifically, the funds will be applied to the units which will be offered to low- and moderate-income households at prices below the actual development costs. Any additional funds available from this loan will be used to subsidize low- and moderate-income rents during the first year of operation for two-thirds of the units at TDC III, an MHFA/SHARP development now under construction on Massachusetts Avenue. Pro formas and other financial information for both projects are included in the Housing Creation Proposal. These documents verify the \$1.1 million development gap for TDC IV, and the immediate need for at least \$28,000 in rent subsidies for TDC III. Without the Housing Creation funds, TDC will be unable to produce the affordable units at TDC IV, and will be unable to achieve the high proportion of affordable units at TDC III.

TDC is ready to begin construction on the East Berkeley condominiums (TDC IV) within 60 days and the Rowes Wharf Housing Payments will supply the missing link needed in order to allow construction to begin early in 1988. The rehabilitated units at TDC III will be ready for occupancy in early 1988, while the new construction units will be ready for occupancy in the Fall of 1988. TDC will seek additional subsidy funding to guarantee the long-term affordability of these rental units.

On January 12, 1988 the Neighborhood Housing Trust voted to recommend approval to the Authority of the TDC Housing Creation Proposal, with the condition that there be a cap of \$40,000 on funds rolled over from TDC IV to TDC III under this Proposal. A copy of the vote is attached.

It is requested therefore that the Housing Creation Proposal submitted by the Beacon Companies for the Tenants Development Corporation be approved.

An appropriate vote follows:

VOTED:

That the Authority finds after consideration of the evidence submitted at a public hearing on this date, January 7, 1988, regarding the Housing Creation Proposal submitted by the Beacon Companies: (1) that the Beacon Companies is obligated to pay approximately \$1,936,000 in Development Impact Project Exactions payable in annual installments of \$176,000 from 1988-1998 pursuant to Article 26 of the Boston Zoning Code and a Development Impact Project Agreement for the Rowes Wharf development entered into by the Beacon Companies and the Boston Redevelopment Authority on May 21, 1984; (2) that the Beacon Companies submitted on January 7, 1988 a Housing Creation Proposal pursuant to Section 26-3.2 of the Boston Zoning Code; (3) that the Neighborhood Housing Trust has reviewed said Proposal and has made recommendations to the Authority with regard thereto; (4) that the Tenants Development Corporation is proposing to develop 35 units of condominium housing on East Berkeley Street and Shawmut Avenue in the South End, of which 23 units will be affordable to low- and moderate-income families; (5) that the Tenants Development Corporation is in the process of developing 59 units of rental housing on Massachusetts Avenue in the South End, of which 39 units will be affordable to low- and moderate-income families; (6) that a gap in the financing of said housing exists; (7) that but for the commitment of additional funds said housing would not be built and would not be affordable; (8) that application of the DIP Exactions from the Beacon Companies as proposed in its Housing Creation Proposal is necessary and appropriate to the development of said affordable housing.

AND FURTHER
VOTED:

That the Housing Creation Proposal submitted by the Beacon Companies on January 7, 1988 is hereby approved as submitted together with the conditions recommended by the Neighborhood Housing Trust in their vote of January 12, 1988 (copies of the votes appended hereto and incorporated by reference herein);

AND FURTHER
VOTED:

That the Director be and hereby is authorized to enter into a housing creation agreement pursuant to Section 9 of the Housing Creation Regulations and such other documents as may be necessary to implement the Housing Creation Proposal and ensure the successful development by TDC of the condominium housing units in TDC IV and the rental housing units in TDC III as affordable housing, each on such terms and conditions as the Director may deem necessary and/or appropriate to the successful implementation of said developments.

VOTES OF THE NEIGHBORHOOD HOUSING TRUST

Approved at a Meeting of the Neighborhood Housing Trust

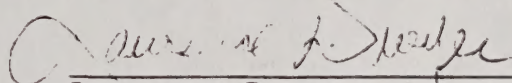
January 12, 1988

The following votes were taken at the January 12, 1988 meeting of the Neighborhood Housing Trust:

VOTED: That the Chair of the Neighborhood Housing Trust be authorized to recommend to the Boston Redevelopment Authority that the Housing Creation Proposal submitted by the Beacon Companies, developers of Rows Wharf, on December 30, 1987 and as amended on January 12, 1988, to assist in the creation of ninety-four (94) rental and condominium units in two projects as follows - 1) thirty-five (35) rental and condominium units at 69-81 East Berkeley St, twenty-three (23) of which are affordable units; and 2) fifty-nine (59) rental units at 395-586 Massachusetts Avenue, thirty-nine (39) of which are affordable - be approved as submitted in an amount not to exceed \$1,944,932 contributed over eleven (11) years, with the proviso that any surplus funds over a cap of \$40,000 generated from the project at 69-81 East Berkeley Street shall not be expended for the benefit of the project at 395-586 Massachusetts Avenue, but shall be paid to the Neighborhood Housing Trust unless a further Housing Creation Proposal is submitted and approved, and together with other such minor amendments as may be required to implement said affordable housing developments.

Passed unanimously 1/12/88.

Attested to on Behalf of the
Neighborhood Housing Trust



Lawrence Dwyer
Chairman

